

March 27, 2003

Johnny Pappas, Sr. Environmental Engineer
Plateau Mining Corporation
P.O. Box 30
Helper, Utah 84526-0030

Re: Conditional Approval of Phase III Bond Release at Oil and Gas Wells at Star Point Mine, Plateau Mining Corporation, Star Point Mine, C/007/006-BR03A, Outgoing File

Dear Mr. Pappas:

The above-referenced amendment is conditionally approved as follows:

- Receipt by the Division of (7) clean copies for incorporation of the affidavit of publication.
- Receipt by the Division of (7) clean copies for incorporation of the notarized statement that all applicable reclamation activities have been completed.
- A bond release site inspection of all required personnel, agencies, and interested parties. (Note: the Division will contact the Permittee concerning the scheduled date).

Once we receive the referenced copies and the site inspection is conducted, we will send a stamped incorporated copy to you for insertion into your copy of the Mining and Reclamation Plan. A copy of our Technical Analysis is enclosed for your information.

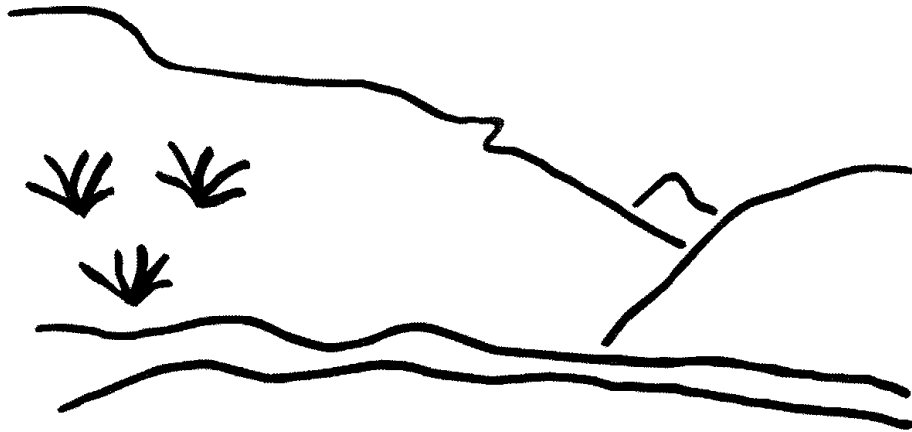
If you have any questions, please call me at (801) 538-5268 or Karl R. Houskeeper at (435) 613-5330.

Sincerely,

Pamela Grubaugh-Littig
Permit Supervisor

KRH/sd
Enclosure
cc: Price Field Office
O:\007006.STP\FINAL\CONDAPPBR03A.DOC

State of Utah



Utah Oil Gas and Mining

Coal Regulatory Program

Star Point Mine
Phase III Bond Release at Oil and Gas Wells
C/007/006-BR03A
Technical Analysis
March 25, 2003

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TECHNICAL ANALYSIS

The Division regulates the Surface Mining Control and Reclamation Act of 1977 (SMCRA). When mines submit a Permit Application Package or an amendment to their Mining and Reclamation Plan, the Division reviews the proposal for conformance to the R645-Coal Mining Rules. This Technical Analysis is such a review. Regardless of these analyses, the permittee must comply with the minimum regulatory requirements as established by SMCRA.

Readers of this document must be aware that the regulatory requirements are included by reference. A complete and current copy of these regulations and a copy of the Technical Analysis and Findings Review Guide can be found at <http://ogm.utah.gov/coal>

This Technical Analysis (TA) is written as part of the permit review process. It documents the Findings that the Division has made to date regarding the application for a permit and is the basis for permitting decisions with regard to the application. The TA is broken down into logical section headings, which comprise the necessary components of an application. Each section is analyzed and specific findings are then provided which indicate whether or not the application is in compliance with the requirements.

Often the first technical review of an application finds that the application contains some deficiencies. The deficiencies are discussed in the body of the TA and are identified by a regulatory reference, which describes the minimum requirements. In this Technical Analysis we have summarized the deficiencies at the beginning of the document to aid in responding to them. Once all of the deficiencies have been adequately addressed, the TA will be considered final for the permitting action.

It may be that not every topic or regulatory requirement is discussed in this version of the TA. Generally only those sections are analyzed that pertain to a particular permitting action. TA's may have been completed previously and the revised information has not altered the original findings. Those sections that are not discussed in this document are generally considered to be in compliance.

INTRODUCTION

INTRODUCTION

On January 29, 2003, the Permittee submitted a request for Phase III bond release on 5.46 acres. The postmining land use for the 5.76 acres was changed from wildlife and grazing to industrial on September 11, 2002. This land use change allowed two gas wells to be constructed on the site. These two gas wells are currently considered producing wells.

The Permittee has another amendment before the Division to remove 11.77 acres from the permit area. Before this amendment can be approved, the 5.76 acres within the disturbed area boundary must be granted Phase III bond release. The permit reduction amendment will be handled in amendment AM02D. Approval of AM02D is conditional upon approval of this amendment (Phase III Bond Release at Oil and Gas Wells).

RECLAMATION PLAN

RECLAMATION PLAN

MAPS, PLANS, AND CROSS SECTIONS OF RECLAMATION OPERATIONS

Regulatory Reference: 30 CFR Sec. 784.23; R645-301-323, -301-512, -301-521, -301-542, -301-632, -301-731.

Analysis:

Affected Area Boundary Maps

The Permittee does not propose to change the permit or affected areas as part of Phase III bond release. The permit area reduction will be handled in amendment AM02D.

Bonded Area Map

The Permittee shows the bonded areas on Map 321.100h that relates to the Phase III bond release. The Division is able to identify those disturbed areas where bond release is being sought.

Reclamation Backfilling And Grading Maps

Backfilling and grading in the traditional sense did not occur on the areas for which Phase III bond release is being sought. However, earthwork on the site was done to accommodate the alternative postmining land use. The contours for the alternative postmining land use are shown on Map 321.100h.

Reclamation Facilities Maps

The location of the gas wells and utility corridors are shown on Map 542.200c.

Final Surface Configuration Maps

The surface for the alternative postmining land use is shown on Map 542.200c.

Reclamation Monitoring And Sampling Location Maps

Any reclamation monitoring and sampling sites will be administered by the Oil and Gas program.

Reclamation Surface And Subsurface Manmade Features Maps

Map 542.200c shows the location of the gas wells and the utility corridors.

Reclamation Treatments Maps

All treatment facilities will be administered by the Oil and Gas program.

Certification Requirements.

A registered professional engineer has certified all maps.

Findings:

The Permittee has met the minimum requirements for the maps and cross-sections of the reclamation plan.

BONDING AND INSURANCE REQUIREMENTS

Regulatory Reference: 30 CFR Sec. 800; R645-301-800, et seq.

Analysis:

General

The Permittee has requested Phase III bond release on 5.46 acres. The postmining land use for that land was changed from wildlife to industrial on September 11, 2002. On January 29, 2003, the Permittee submitted an application for Phase III bond release on the 5.46 acres.

RECLAMATION PLAN

Notification

The requirements of R645-301-880.120 are that within 30 days after the application for bond release has been filed; the Permittee will submit a copy of an advertisement. The notice of advertisement will:

- Be place in a local paper for four successive weeks.
- Contain:
 - The Permittee's name, given as Plateau Mining Company.
 - Permit number, given as C/007/006.
 - Approval date for the permit. The date was not included but the Division believes that there is enough information for the public to be informed of the mining activities.
 - Precise location, location given in Township, Range and Section with map.
 - Number of acres, 5.46 will be granted bond release because that is the area in the disturbed area; however, 11.77 acres will be sought for permit reduction.
 - Type and amount of bond and portion sought for release. The Permittee did not mention this but no bond reduction is being sought.
 - Dates of reclamation work, this is not applicable because of the change to industrial land use.
 - Describe the type of reclamation work, postmining land use changed to industrial.
 - How to contact the Division, the Division's address and other information is given.

Letters

The permittee must send letters to each of the following:

- Adjacent landowners, they are Plateau Mining Company, Sunnyside Cogeneration Associates, United States of America, and Carbon County.
- Planning agencies, no planning agencies in the area.
- Sewage and water treatment authority, none in the area.
- Water Companies, none in the area.

Notarized Statement

The Permittee needs to submit a notarized statement stating that all the reclamation work has been done.

Inspection and Notification

The requirements of R645-301-880.200 are for an inspection and notification of interested parties.

- The Division needs to conduct an inspection.
- Within 60 days, the Division must notify the Permittee, the surety and other interested parties of the Division's decision.

Phase III Bond Release Requirements

- The general requirement for Phase III bond release is that Phase I and Phase II have been completed. However, since the reclamation plan calls for the implementation of an alternative postmining land use, the general requirements do not always apply. Instead of completing Phase I and Phase II, the Permittee has implemented the alternative postmining land use that is industrial. The postmining land use was achieved with the development of two natural gas wells.
- Because the postmining land use is industrial, the Permittee does not have to meet the vegetation requirements of R645-301-357.
- Since the alternative postmining land use is for natural gas production, the Oil and Gas section of the Division will regulate all surface and groundwater quality and quantity issues.
- Because the postmining land use is industrial, the Permittee does not have to meet the requirements of R645-301.
- A detailed demonstration that the approved postmining land use is achieved. The wells are in production and leases and agreements have been signed. The Division made those findings when the postmining alternative land use change was approved.
- Since the area to be released was not undermined, no subsidence will occur.

Form of Bond

The Permittee does not propose to change the form of the bond.

Determination of Bond Amount

The Permittee does not propose to change the amount of the bond at this time. When the Permittee does request a bond reduction, they will have to provide the Division with detailed reclamation cost estimates.

RECLAMATION PLAN

Terms and Conditions for Liability Insurance

The Permittee does not propose to change their insurance.

Findings:

Information provided in the bond release application is not considered adequate to meet the minimum requirements of the regulations. Prior to approval, the permittee must provide the following in accordance with:

R645-301-880.120, The Permittee must give the Division an affidavit of publication for the public notice. Note: the Permittee has agreed to supply the Division this document later.

R645-301-880.130, The Permittee must give the Division a notarized statement that certifies that all reclamation activities have been completed.

R645-301-880.200, The Permittee must meet with the Division and other interested parties on site to conduct a bond release inspection. Note: the Division will contact the Permittee to set up a time to conduct the inspection.

